



Insights and Trends from the 2020 World's Most Ethical Companies Dataset

Wednesday, June 24, 2020



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Thank you for joining!
Before we get started...

Q&A

Please submit your questions using the Questions feature in your Zoom Experience

CHAT

Need assistance? The Chat feature will be open throughout the webcast

RECORDING & PPT

Today's presentation and recording will be provided via email after the webcast and featured as a part of our Global Ethics Summit resources.

Webcast Speakers



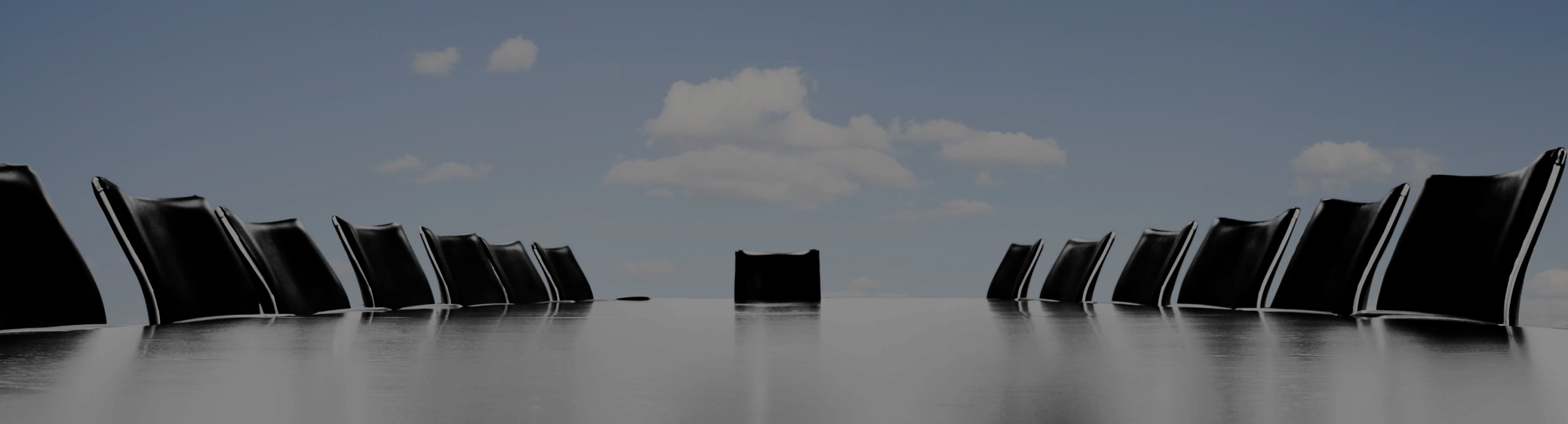
Erica Salmon Byrne
EVP and Chair BELA
Ethisphere



Leslie Benton
Vice President
Ethisphere



Douglas Allen
Managing Director
Ethisphere



Setting the Stage: ***Our Dataset***

By the Numbers

About the 2020 World's Most Ethical Companies



132

Companies



51

Industries



21

Countries



6.18

Million Employees



2.61

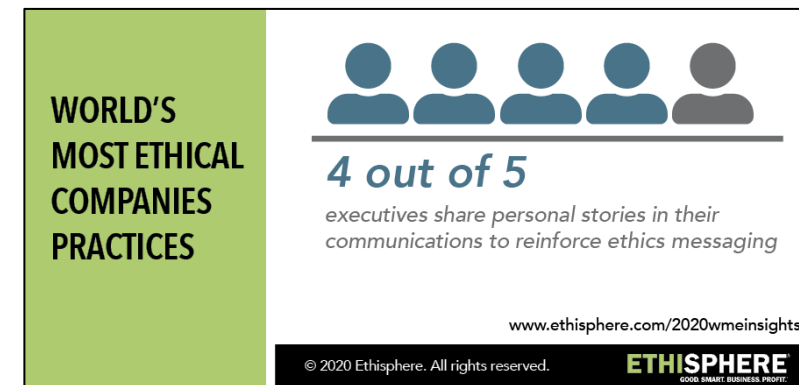
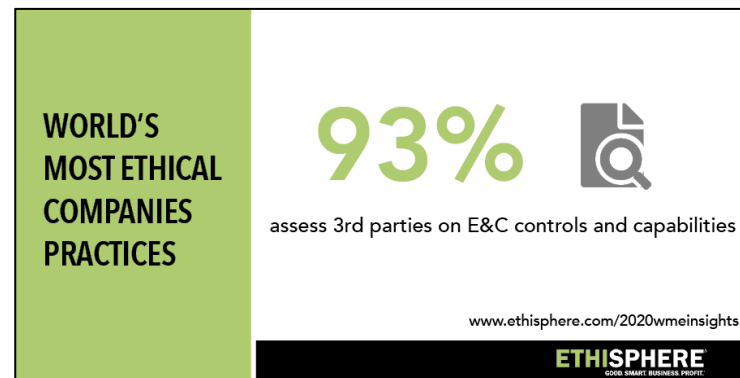
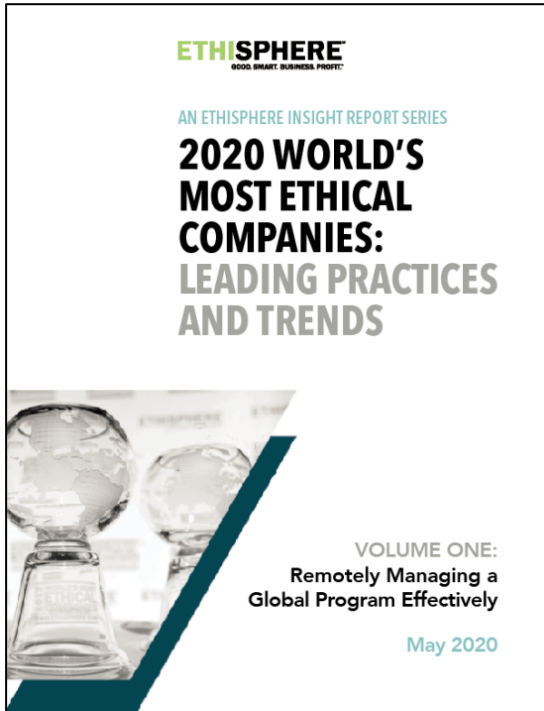
Trillion in Annual
Revenues



7.57

Trillion in Market
Cap

Practices of the World's Most Ethical Companies

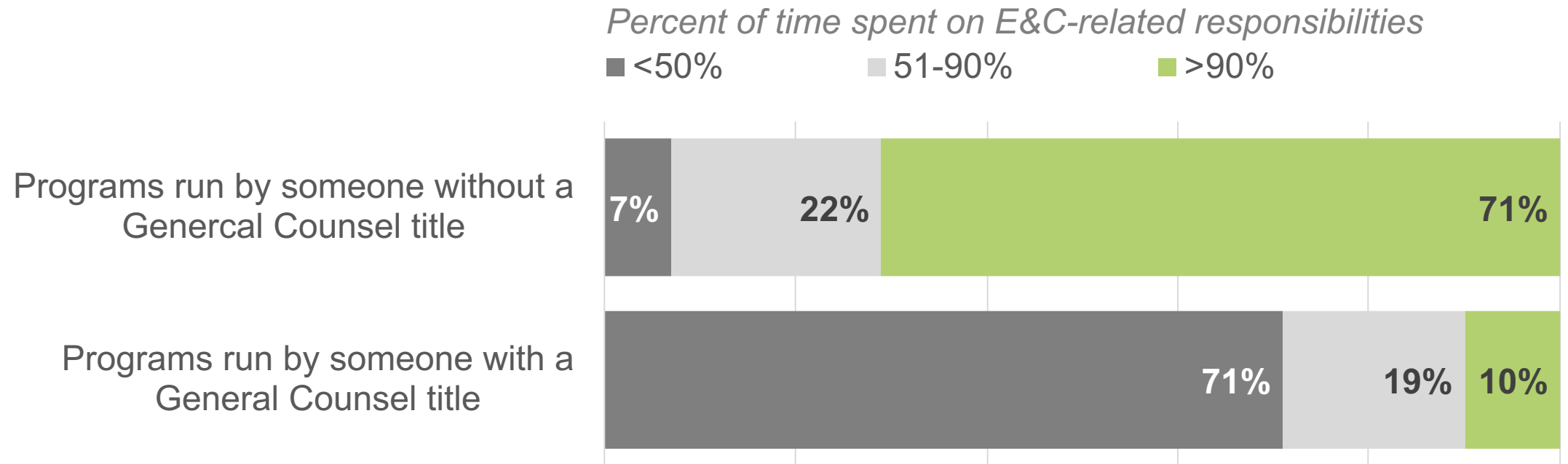




Volume One Trends: ***Growing Authority, Stable Reporting Lines***

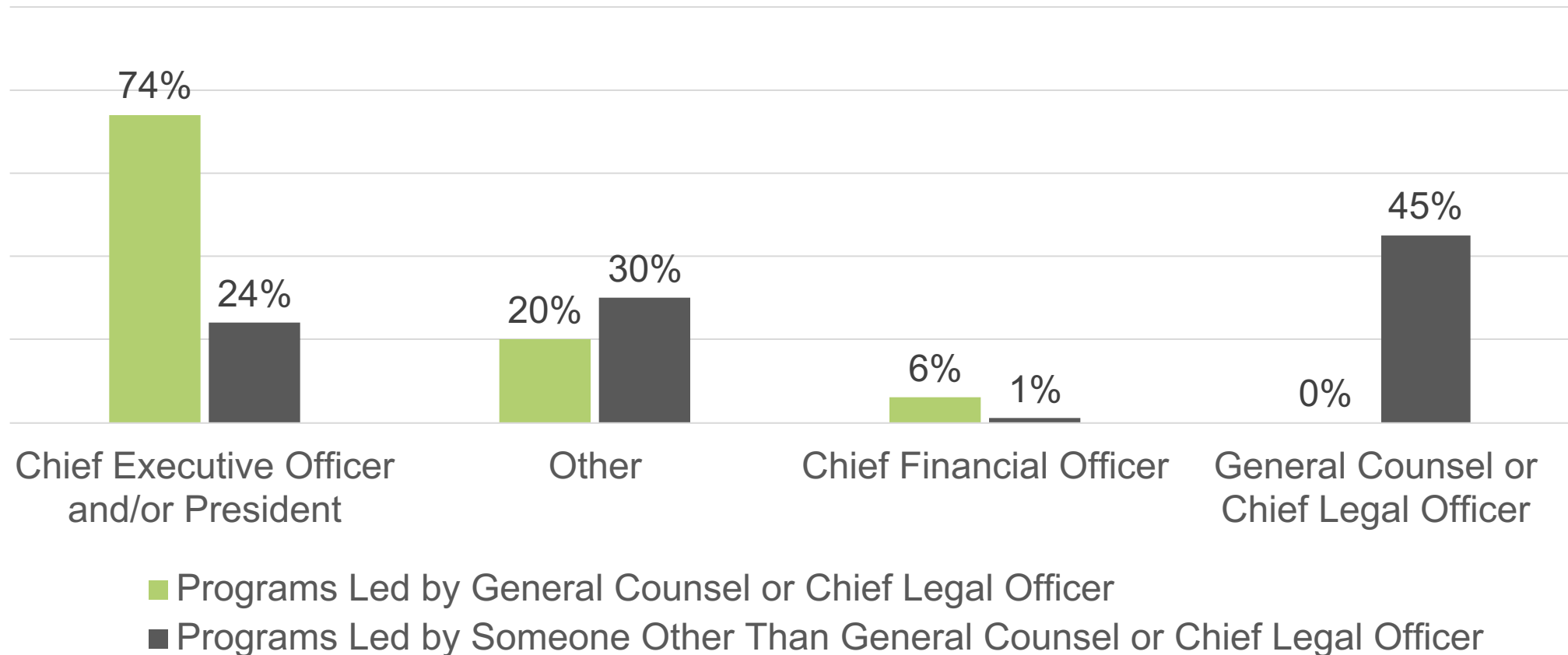
Programs Owned by General Counsels Receive Less Attention from the Top Individual Than Those Run by Someone With a Dedicated Compliance Role

What percentage of his or her time does the person assigned overall responsibility for the ethics and compliance program dedicate to that role?



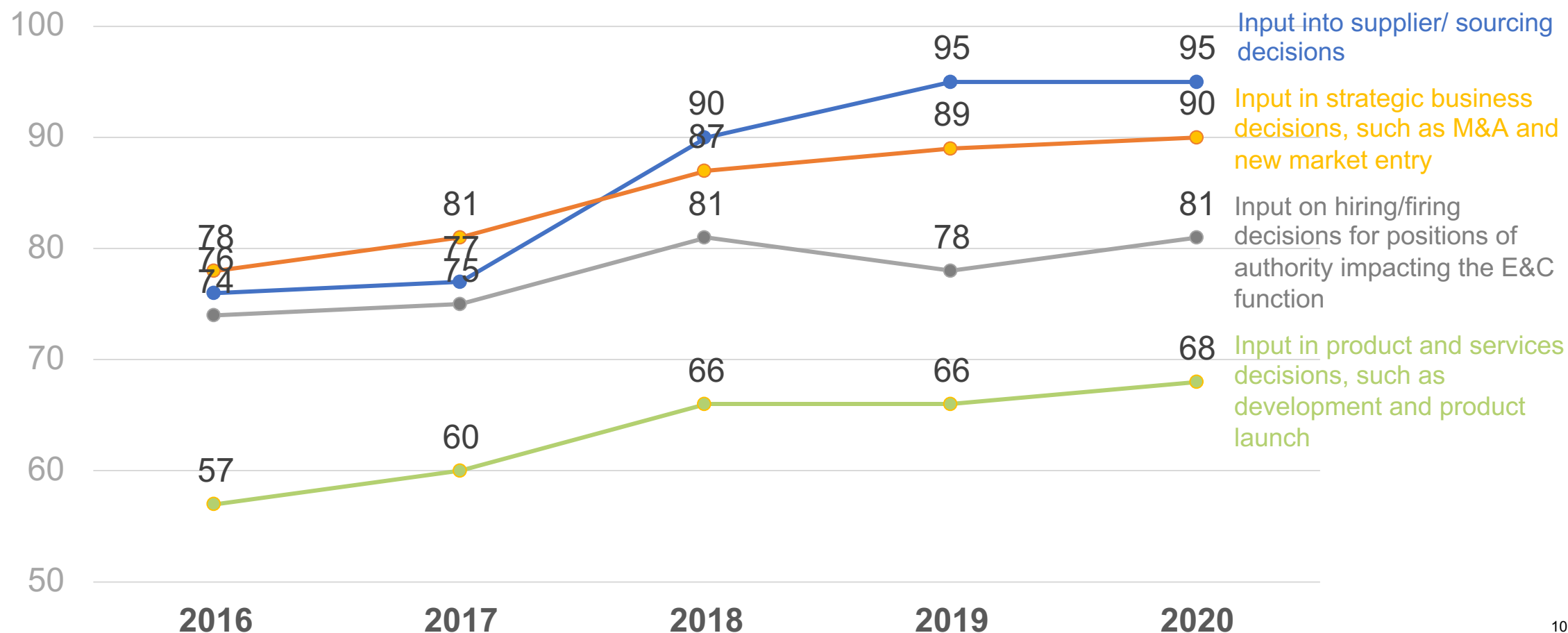
Nearly Half Of Companies With Programs Led By a Dedicated CECO Report Into the General Counsel Rather Than Another Member of Leadership

To whom does the person with overall responsibility for the ethics and compliance program administratively report?



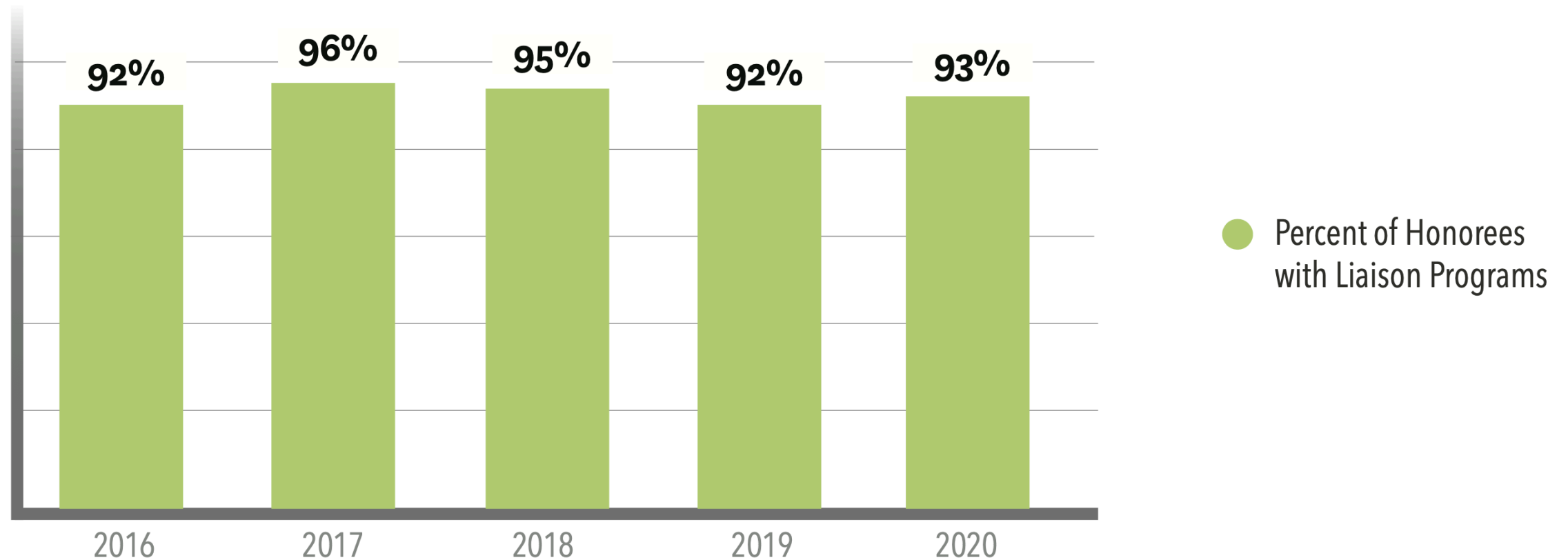
Ethics and Compliance Gaining Influence in Corporate Strategy, Sourcing, and Product Decisions

Identify which of the following authorities, if any, are granted to the ethics and compliance function. (Multiple select)



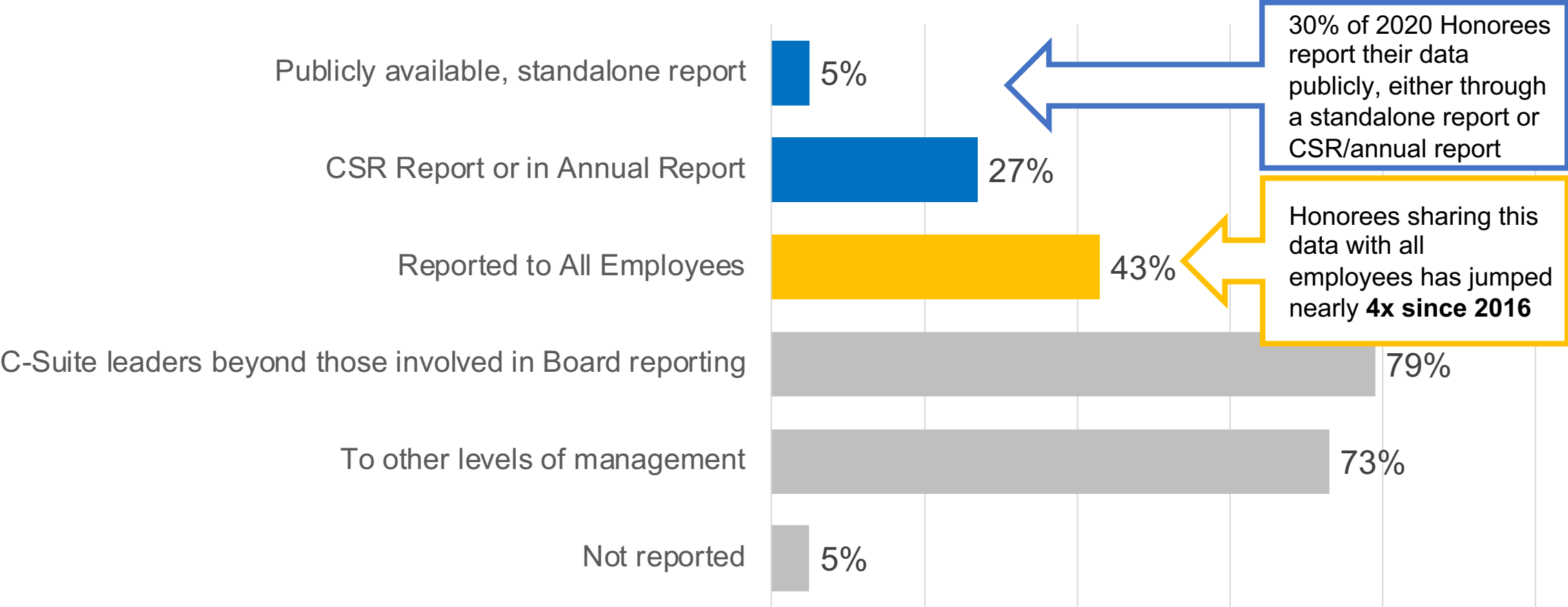
Honorees With Employees Located in Various Units Who Serve as Formal E&C Contacts Has Remained Constant

Does your company have employees located within various business regions or business units who formally serve as ethics and compliance points of contact for compliance related needs, such as receiving reports of misconduct?



More Honorees Sharing Reporting And Investigations With Their Employees And Even Public At Large

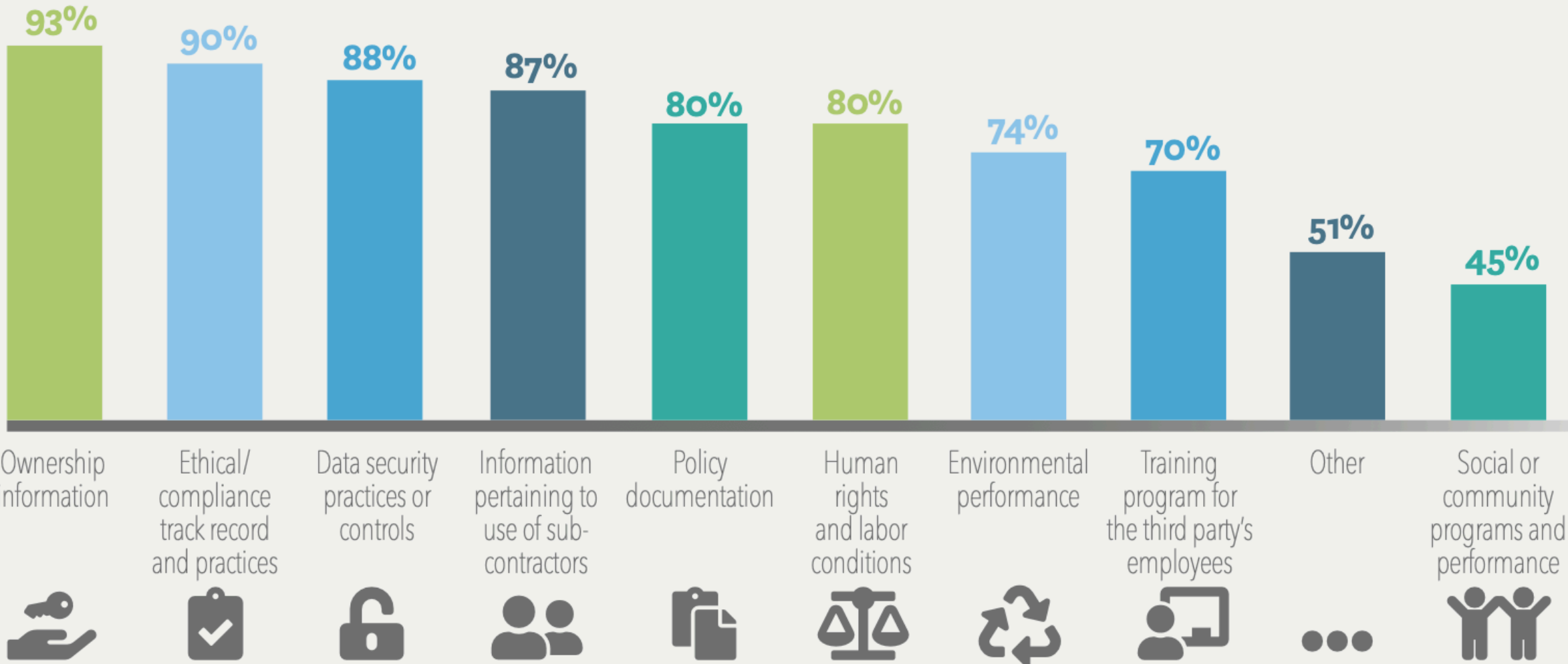
Separate from reports to the Board or other governing authority, does your organization communicate how many concerns were reported, the types of concerns reported, and the results of reports and investigations? (Multiple select)





Volume Two Trends: ***An Increase in Third Party Monitoring Beyond Due Diligence***

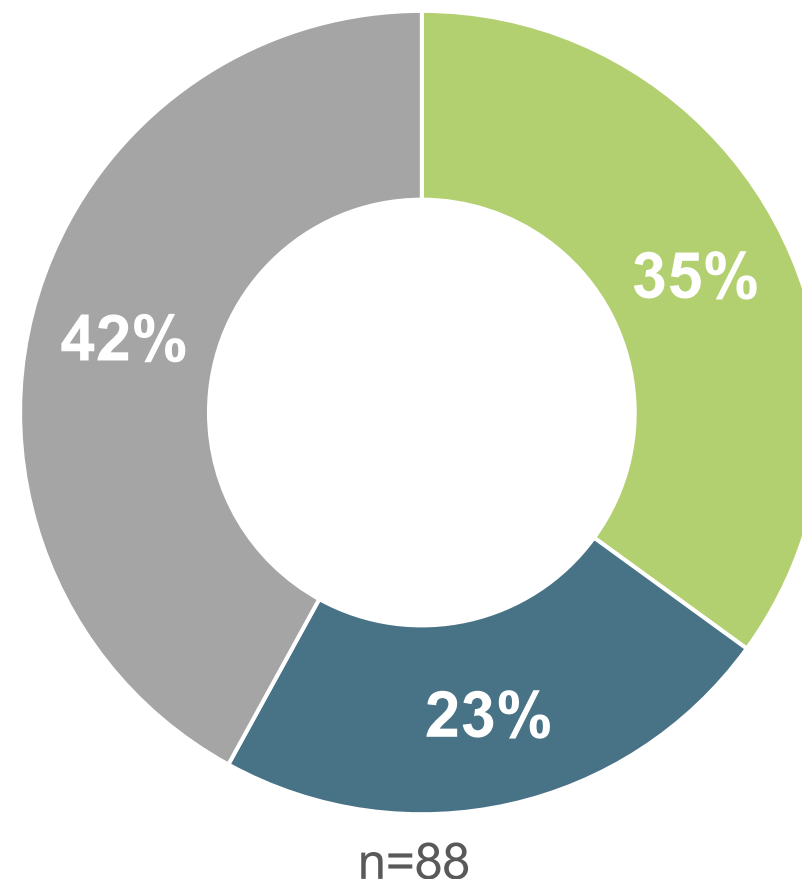
What information, if any, do you consider in your ethics and compliance due diligence of third parties? Please select all that apply.



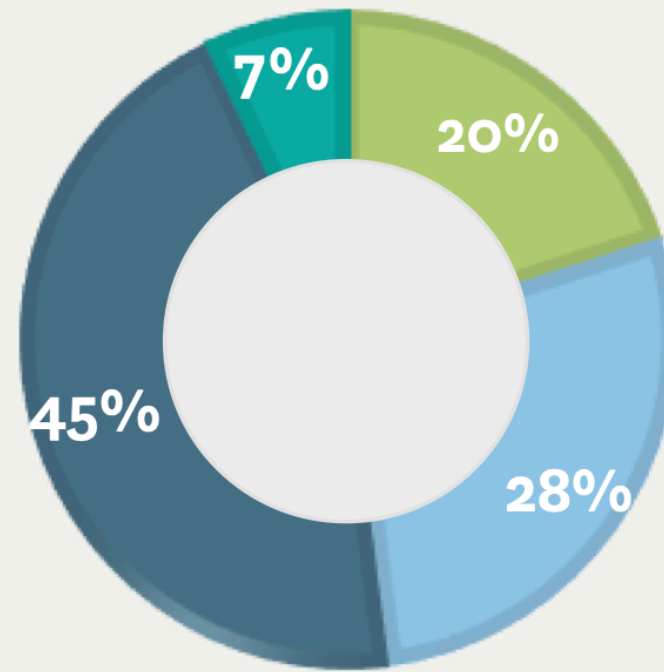
Live Webcast Polling Question

Are you doing post-contract monitoring, organized by risk category?

- Yes
- No
- Unsure or not my area of responsibility

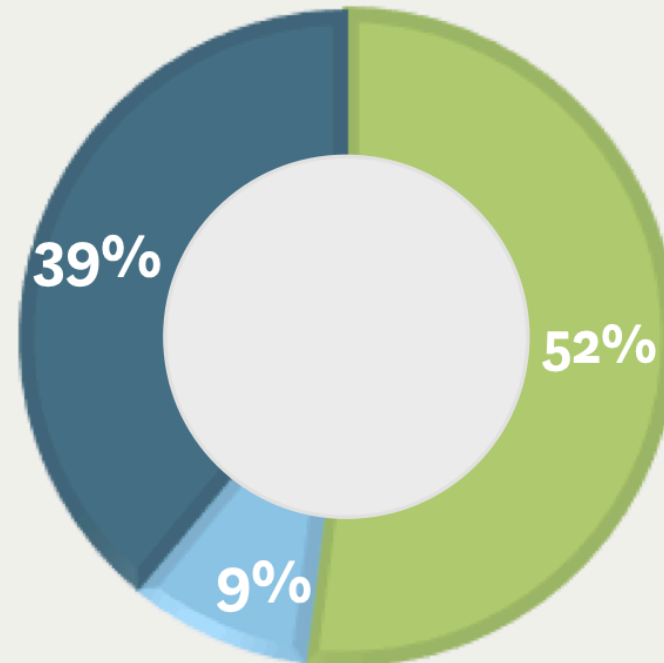


Do you conduct an assessment to determine if the third-party has the capabilities and controls to meet the ethics and compliance requirements stated in their contract with your organization?



- For all risk areas
- For most risk areas
- For some risk areas
- No

Does your company conduct periodic audits of third parties to ensure compliance with ethical and legal standards?

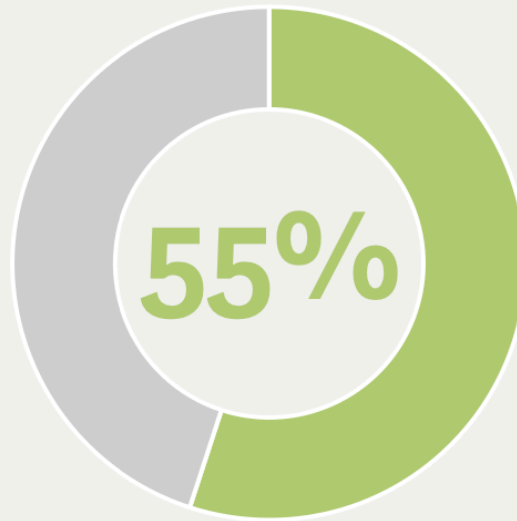


- Yes, for high-risk third parties
- No
- Yes, but only for certain risk areas

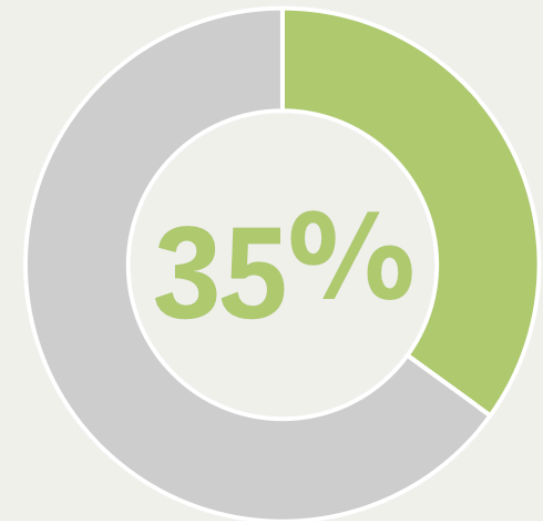
Which of the following best describes how your organization evaluates the performance of a supplier or third party?



They are solely evaluated based on their business performance.



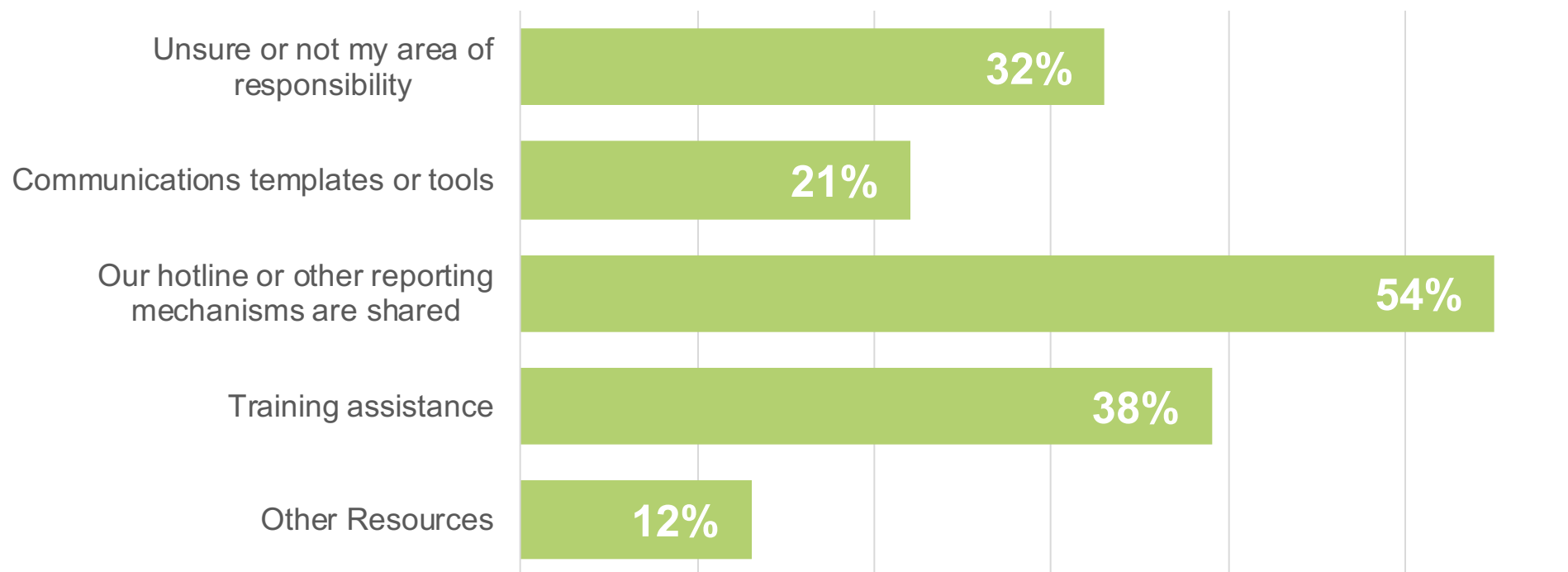
We discuss some ethics and compliance issues during our business performance reviews.



We have a third-party scorecard or written evaluation that specifically includes their ethics and compliance performance.

Live Webcast Polling Question

Are you providing any of the following compliance resources to your third parties?



n=78

Make Communication a Regular Course of Business with Any Partner that Could Pose a Material Risk

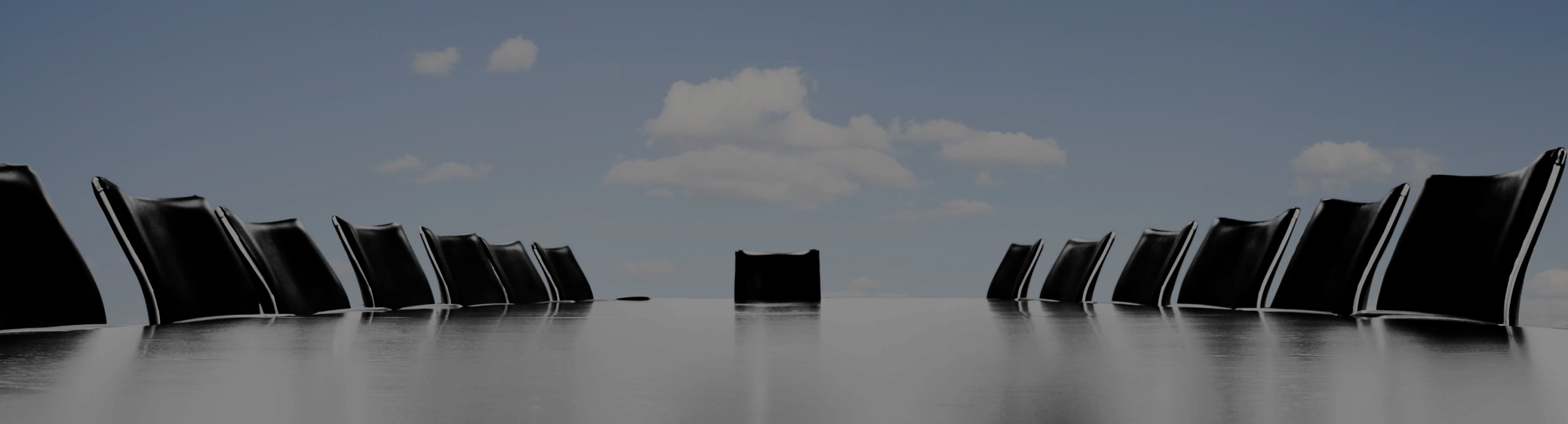
Of those receiving Ethisphere's 2020 World's Most Ethical Companies designation...

55%

target
communications
initiatives at third
parties

60%

go further and provide
third parties with E&C
training assistance and
resources

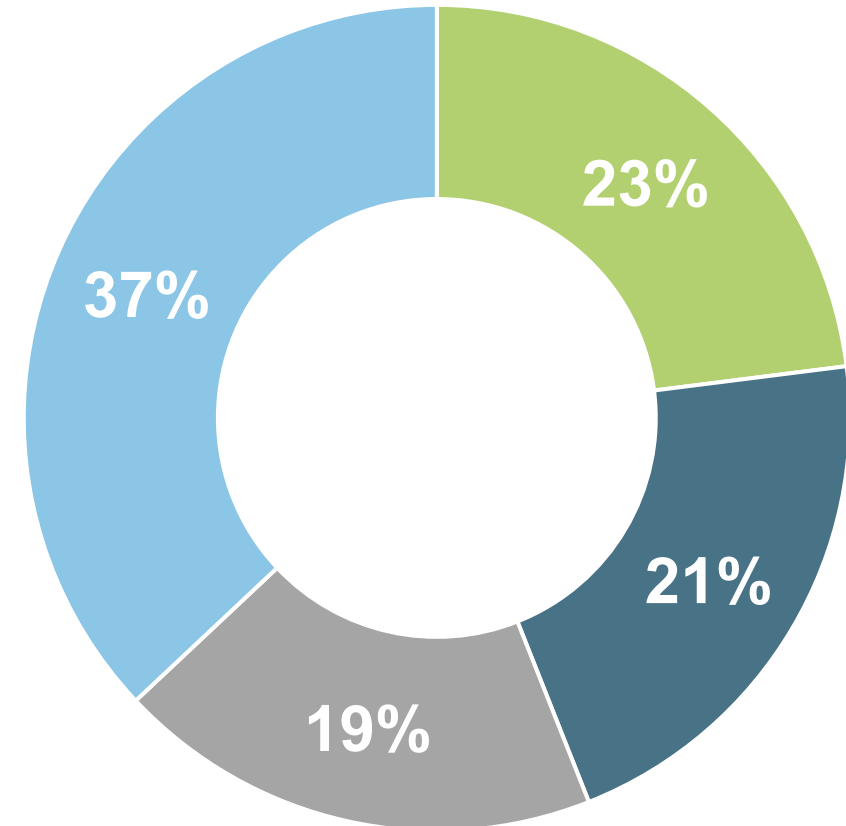


Volume Three Trends: ***Increasingly Employee- Tailored Training and Communications***

Live Webcast Polling Question

Has the move to remote working changed your training approach?

- Yes, we've totally revamped our plan
- Yes, we've moved some training up in timing
- Yes, we've moved some training back in timing
- No, not at all



n=57

Increased Emphasis on Short-Term Planning Suggests Flexibility is Increasing in Priority

| Element Included in Formal Ethics & Compliance Training Plan | 2020 Honorees | 2016 Honorees Comparison (%-pts) |
|---|---------------|----------------------------------|
| Specifies training delivered during onboarding or orientation | 98% | +14 |
| Includes a roll-out schedule | 93% | +14 |
| Developed using input from functions outside of E&C | 92% | +1 |
| Addresses modality of delivery for each topic and/or audience | 90% | +11 |
| Maps out targeted and varied training to be delivered over multiple years | 78% | -11 |
| Designed to avoid overlapping training provided by other departments | 75% | *+4 |
| Tracks when training should be refreshed | 73% | *+8 |

*Answer options introduced during the 2019 World's Most Ethical Companies application year. Comparison data reflects 2020 data versus 2019 data.

Training Plans Over Time Are Becoming Increasingly Nuanced in Defining Audiences

| How E&C Training Plans Define Their Audiences | 2020 Honorees | 2016 Honorees Comparison (%-pts) |
|---|---------------|----------------------------------|
| Employee function | 90% | 0 |
| Business unit | 86% | +11 |
| Job level | 85% | +5 |
| Location or geography | 80% | +16 |
| Whether the employee has direct report(s) | 78% | *+11 |
| Length of employment | 40% | +22 |
| Represented status (union/works council or non-union/works council) | 22% | **+8 |

*Answer option introduced during the 2018 World's Most Ethical Companies application year. Comparison data reflects 2020 data versus 2018 data.

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Event-Based Training Assignments are a Nascent, but Growing, Practice

Outside of an E&C training curriculum or plan, do you use any of the following methods to assign E&C training during the course of the year? Please select all that apply.



83% of 2020 Honorees Incorporate at Least One of the Following Elements into their Training Program

| Ethics & Compliance-Related Training Practices Used | 2020 Honorees | 2016 Honorees Comparison (%-pts) |
|--|---------------|----------------------------------|
| Incorporating gaming elements or is delivering training using augmented reality components | 61% | *+13 |
| Allowing employees to select or self-direct the topics covered for a certain amount of their required training | 37% | **+23 |
| Pretests to provide employees an opportunity to "test out" of training | 28% | +14 |
| Assessing understanding during the training to assign progressively more sophisticated content | 23% | +5 |
| Pretests to assess baseline knowledge and assign individual curriculum or course(s) accordingly | 21% | -28 |
| Progressive course difficulty based on employee tenure | 11% | -24 |

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Honorees Leverage Multiple Methods to Get a Sense of Training Effectiveness

Identify which of the following methods your company utilizes to measure the effectiveness of its ethics and compliance training. Please select all that apply.



Pre-COVID, E&C Face Time Through Site Visits Increased Significantly

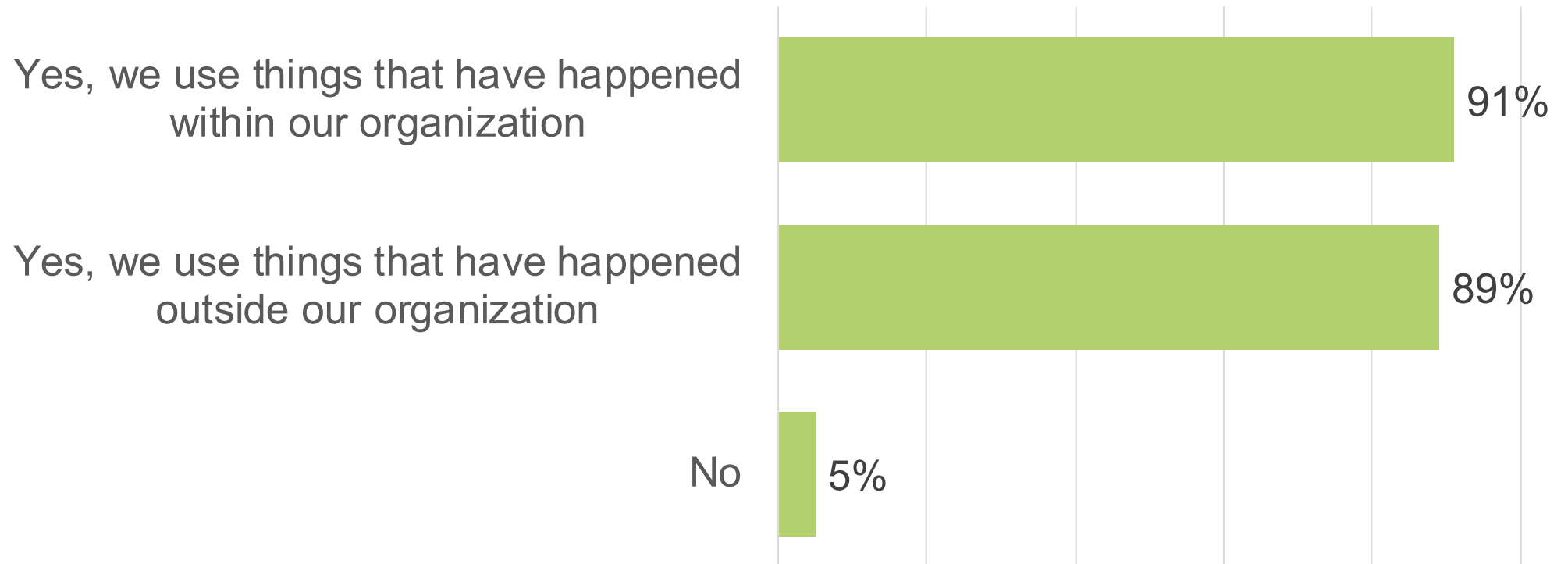
| Communication Modalities Used to Communicate E&C with The Largest Changes in Usage Over a Five-Year Period* | 2020 Honorees | 2016 Honorees Comparison (%-pts) |
|---|---------------|----------------------------------|
| Intranet portal dedicated to ethics and compliance | 95% | +42 |
| Periodic compliance "road show" or site visits by E&C | 87% | +40 |
| Ethics blog or intranet forum | 55% | -36 |
| Periodic company-wide kick-off meetings | 57% | +26 |
| Facebook, Twitter, or other social media platforms** | 60% | +23 |

*Excluding "Other" responses

**Answer options introduced during the 2017 World's Most Ethical Companies application year. Comparison data reflects 2020 data versus 2017 data.

Honorees Use in Equal Measure Events Inside and Outside as Fodder for Stories in E&C Communications

Does the ethics and compliance function include examples of real world ethical or compliance dilemmas or issues in their communications? Please select all that apply.



Thank you for joining!

Download the Reports:

<https://ethisphere.com/2020wmeinsights/>

For Information on WME 2021:

wmeapplications@ethisphere.com